

Message Text

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43

ACTION AF-06

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FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 4270

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E.O. 11652: N/A

TAGS: EAIR, EFIN, LI

SUBJECT: GOL TO SELL EXIMBANK-FINANCED PRESIDENTIAL JET

REF: STATE 178125

1. PRESIDENT TOLBERT HAS ANNOUNCED THAT QTE SPEEDY II UNQTE, GRUMMAN GULFSTREAM II JET AIRCRAFT PURCHASED FOR HIS USE, IS TO BE SOLD AS HIS QTE SACRIFICE FOR THE YEAR UNQTE. DECISION APPARENTLY REACHED AT CABINET MEETING JANUARY 3. RUMOR IS THAT PROCEEDS OF SALE TO BE USED TO SUPPLEMENT AGRICULTURAL DEVELOPMENT BUDGET. AIRCRAFT FINANCED BY EXIMBANK.

2. GULFSTREAM II PURCHASED LATE 1973 FROM OMNI INVESTMENT CORP. ON JANUARY 7, 1974 EXIMBANK BOARD APPROVED A CREDIT OF \$1,462,500 AT 6 PERCENT ANNUAL INTEREST TO COVER 45 PERCENT OF \$3.25 MILLION COST OF U.S. MANUFACTURED COMPONENT OF AIRCRAFT (ENGINES ARE ROLLS ROYCE). \$325,000 WAS GOL DOWN PAYMENT. REMAINING \$1,462,500 (PLUS ABOUT \$250,000 FOR ENGINES) FINANCED BY CHEMICAL INTERNATIONAL FINANCE,LTD. BUT NOT GUARANTEED BY EXIMBANK. REPAYMENT WAS TO BE MADE SEMI-ANNUALLY OVER PERIOD OF FIVE YEARS BEGINNING JULY 10, 1974.

3. WE UNSURE WHETHER REASON FOR SELLING PRESIDENTIAL JET POLITICAL, PERSONAL OR FINANCIAL. TOLBERT HAS BEEN SAID IN LIMITED OFFICIAL USE

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PAST TO BE PERSONALLY DISSATISFIED WITH GGII, WANTING LARGER,

LONGER-RANGE AIRCRAFT (MONROVIA 4537). THERE STILL RUMORS THAT THIS IS CASE, AND THAT AIR LIBERIA WILL PURCHASE LARGER JETS (DC-9 HAS BEEN MOST OFTEN MENTIONED) TO USE IN INTERNATIONAL PASSENGER TRAFFIC WHEN NOT NEEDED BY TOLBERT. ON OTHER HAND, TOLBERT HAS SHOWN SOME SENSISTIVITY TO CRITICISM ON MATTER OF SPEEDY II. ON RETURN FROM RECENT TRIP TO FREETOWN AND CONAKRY HE MADE POINT OF STATING THAT VISIT DID NOT COST LIBERIA ANYTHING. APPARENTLY STATEMENT BASED ON FACT THAT GGII HAS TO BE FLOWN CERTAIN NUMBER HOURS PER MONTH (TO MAINTAIN AIRWORTHINESS CERTIFICATE AND INSURANCE) WHETHER NEEDED OR NOT. HOWEVER, IT ALSO POSSIBLE THAT REASON IS FINANCIAL. THOUGH WE HAD UNDERSTOOD THAT GOL WOULD HAVE SMALL BUDGET SURPLUS OF \$2 TO \$3 MILLION IN 1974 (DOMESTIC REVENUES EXPECTED TO BE ABOUT \$106 MILLION AND EXPENDITURES \$103 TO \$104 MILLION), THIS MAY NOT HAVE BEEN CASE. WE HAVE LEARNED THAT MINISTRY OF FINANCE LAST WEEK FORCED AUTONOMOUS NATIONAL PORT AUTHORITY (NPA) TO LEND GOL \$2.5 MILLION AT 6 PERCENT ON 60-DAY CALL. REASON GIVEN WAS THAT UNSPECIFIED GOL ORGANIZATION HAD OUTSTANDING BILL OF \$864,000 THAT HAD TO BE PAID JANUARY 2. WHEN NPA BOARD STILL HESITANT, THEY WERE TOLD THAT, IF NECESSARY, NEW BOARD WOULD BE APPOINTED TO APPROVE LOAN, WHICH PROBABLY NEEDED TO ENABLE PUBLIC UTILITIES AUTHORITY (PUA) TO PAY FUEL BILL TO LIBERIA REFINING CO. (LRC). EARLIER \$1.8 MILLION ARAB-AFRICAN LOAN FUND CREDIT HAD BEEN USED FOR THIS PURPOSE, LEAVING ESTIMATED \$1.3 MILLION OUTSTANDING. LRC NOW INSISTING THAT PUA KEEP ACCOUNT CURRENT.

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